



# Arkansas Department of Education

## Division of Career and Technical Education

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### *School-Based Enterprise (SBE)*

### *Manual and Resource Guide*

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Revised: November 2022

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## Definition and Purpose of a School-Based Enterprise

A school-based enterprise (SBE) is an entrepreneurial operation in a school setting that provides goods/services to meet the needs of the school's market. The primary purpose of the SBE is to provide students with a hands-on experience of operating a business while integrating national and state curriculum standards in Marketing, Finance, Hospitality, and/or Management. **The SBE must be operated concurrently with the Small Business Operations (492700) course.**

**An SBE is not a class for yearbook, fundraising, or event selling.** We have many successful SBE's across the state with a variety of inventory. The inventory is specific to the community and its needs. Some examples of items sold include: coffee, slushies, spirit wear, school supplies, snacks, and much, much more.

## Benefits of a School-Based Enterprise

An SBE allows students opportunities to understand and work in a business environment while learning all aspects of business operations such as:

- Financial analysis
- Operations
- Market information management
- Market planning/product service management
- Pricing/distribution
- Human resource management
- Ethical, social, and economic practices
- Customer service
- Accounting procedures

## Responsibilities of the Teacher

The teacher is responsible for directing and managing students in the daily operations of the SBE. He/she must ensure that the SBE complies with all federal, state, and local policies and guidelines. The teacher must also follow local financial policies set by the school district. He/she must oversee student employees to ensure they are performing their tasks as employees. He/she is subject to any instructions or restrictions by local administration.

The SBE teacher must:

- Provide required documentation to the Division of Career and Technical Education (DCTE).
- Establish hours of the SBE.
- Supervise students working in the SBE.
- Purchase merchandise for resale.
- Ensure physical security of the merchandise and cash.
- Provide financial reports to the appropriate personnel.
- Document and verify physical inventory.
- Reconcile all inventory annually.
- Oversee safety and cleanliness of SBE premises.
- Facilitate maintenance of necessary SBE records.
- Facilitate preparation and analysis of annual financial statements (Balance Sheet, Income

Statement, and Statement of Cash Flows).

## Responsibilities and Goals for Students

- Job interviewing experience.
- Real world/hands-on learning experience in all aspects of a business; and
- Interpersonal skills or soft skills such as communication, problem solving, and self-confidence.

## Funding an SBE

Schools may apply for funding of an SBE as part of a new program state start-up or as a program expansion. To apply for funding, you must apply by November 1 of each year. The application and instructions can be found at this link: <https://dcte.ade.arkansas.gov/Page/StateGrants>.

**To be eligible to receive state start-up funding, the SBE must be affiliated with the Small Business Operations (492700) class in an approved program of study.**

## Operational Expectations

A school-based enterprise includes both the teacher and students. Your SBE will operate with the following expectations:

1. Hours of operation:  
Minimum of 5 hours per week to be determined by the school. This could be during the school day, before/after school, during special events, etc. Work with your school administrator's to determine what works best for your school and community.
2. Service or goods offered:
  - a. Create a business plan together (an example using the Lean Canvas model is located in **Appendix A**);
  - b. Model an actual business with defined product lines and offerings that reflect the market demand of your school/community.
3. Cross-training for all students enrolled in the Small Business Operations course:
  - a. Students should share and rotate in all occupational roles.
  - b. Students from other courses may assist in the SBE but their presence should not detract from the experience for students in the SBO class.
4. Fiscal responsibilities:
  - a. All students should share financial duties required to run the SBE.
  - b. Keep all financial records on file for a minimum of seven years, according to tax regulation laws, or as required by your local school district.
5. Inventory management:
  - a. Each student should engage in inventory management activities.
  - b. Selling items on consignment in the store is only permissible if the following conditions are met:
    - i. Products must be in alignment with the SBE's business plan and cannot be indefinitely on consignment without permission from DCTE.
    - ii. Students are involved in every aspect of the decision-making process, including meetings and negotiations, start and end dates, profit margin, display/marketing, and product selection.
    - iii. Students research and negotiate fair market consignment fees.

- iv. Students understand the benefits and disadvantages of consignment products.
  - v. Extensive record-keeping is kept showing that the SBE and related program of study received the agreed upon consignment fees and that any program income from these activities is being invested back into the approved program of study. These records must detail each consignor and related profits, or losses incurred from the consignment relationship. (See Appendix C)
6. Adequate operational space and equipment:
    - a. Facilities must be safe, clean, and large enough for successful operation.
    - b. Equipment needs to be in working order.
    - c. Equipment should be up to date and relevant in the current marketplace.
  7. **All proceeds from the SBE MUST be kept within the approved Business and Marketing program.**
  8. SBE's must follow ALL food and nutrition guidelines from the Arkansas Department of Education and the Child Nutrition Unit. More information can be found at <https://dese.ade.arkansas.gov/Offices/child-nutrition-unit/>.

## Resources from DECA to Assist Teachers

- "E-Learning Series" which consists of three major resources (1) On Your Mark, Get Set, Go for a School-Based Enterprise (2) QuickBooks Online Basics for Your SBE and (3) Teaching your School-Based Enterprise Virtually. These videos have been designed to help teachers and students operate an SBE as part of their Marketing Program. <https://www.deca.org/classroom/enhance-teaching/>
- Guide for Starting and Managing a School Based Enterprise that contains 14 units and all performance indicators located online: [https://www.deca.org/wp-content/uploads/2014/08/hs\\_sbe\\_Guide\\_for\\_Managing.pdf](https://www.deca.org/wp-content/uploads/2014/08/hs_sbe_Guide_for_Managing.pdf)
- Automated Retail Lesson Plans - these modules contain instructional content, interactive classroom activities, assessments, and corresponding presentations. <https://www.deca.org/high-school-programs/school-based-enterprises/>

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## Required Annual Reporting

SBE Facilitators are required to submit the following documentation by **June 30<sup>th</sup>** of each year to [ace.businessandmarketing@gmail.com](mailto:ace.businessandmarketing@gmail.com).

1. Income Statement (Appendix A) for the school year ending.
2. Business Plan (Appendix B) for the upcoming school year.

**\*\*\*Failure to submit yearly Income Statement and Business Plan will result in conditional or disapproval of your Program of Study. \*\*\***

## Appendix A: Income Statement

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Each Small Business Enterprise is required to email their year-end Income Statement by **June 30<sup>th</sup>** of each year to [ace.businessandmarketing@gmail.com](mailto:ace.businessandmarketing@gmail.com). All income statements must include the following sections: revenue, expenses, and net income/net loss. **Be sure to detail your revenue sources and expense sources.** There are many examples online and a sample is shown below. Pick a format that works best for your school and SBE.

<b>ABC Company</b>		
Single- Step Income Statement		
For the year ended 31/12/2019		
<b>Revenue</b>		
Sales	\$30,000	
Interest	5,000	
Gain on sale of asset	7,000	
<b>Total Revenue and Gains</b>		<b>42,000</b>
<b>Expenses &amp; Losses</b>		
Cost of goods sold	1,200	
Depreciation Expense	800	
Office Supplies Expense	500	
Salary and wages	6,000	
Supplier Expense	700	
<b>Total Expenses</b>		<b>9,200</b>
<b>Net Income</b>		<b>32,800</b>

# Appendix B: Business Plan

Each Small Business Enterprise is required to email their Business Plan for the upcoming school year by June 30 of each year to [ace.businessandmarketing@gmail.com](mailto:ace.businessandmarketing@gmail.com). Many schools find it easy to use the Lean Canvas Model (pictured below) to complete their business plan. However, you are welcome to design your own Business Plan document.

For reporting purposes, each Business Plan must include the following:

1. Business name, location, and advisor contact information
2. Anticipated hours/times of operation
3. Identify target customer(s)
4. Identify three successes experienced by your SBE this school year
5. Top 3 problems during the school year
6. How will you attempt to solve each of the identified problems in the coming school year?
7. Cost structure and concerns (if any) associated with acquisition of products
8. Describe your market and if any competitors exist, how will you overcome this obstacle?
9. How will you market your products?
10. Financial projections for the upcoming year
11. Equipment concerns/needs (if any)
12. Key student members of your staff for the upcoming school year
13. Advisor & Administrator Signatures

Lean Canvas		School Based Enterprise Name <small>Click here to enter text.</small>		
<b>Problem</b> (Top 3 problems)	<b>Solution</b> (Top 3 features)	<b>Unique Value Proposition</b> (States why you are different and the importance of your product/services.)	<b>Unfair Advantage</b> (What about your SBO can't be easily imitated by others?)	<b>Customer Segments</b> (Target customers)
	<b>Key Metrics</b> (What will be measured/why?)		<b>Channels</b> (Distribution channels)	<b>Hours of Operation</b> (minimum of 5 hours per week)
<b>Cost Structure</b> Customer acquisition costs, distribution costs, inventory costs, etc.		<b>Revenue Streams</b> Revenue model, Gross Margin, anticipated revenue, etc.		
<b>Product</b>		<b>Market</b>		
I certify that all policies, procedures, and laws are being followed and adhered to. <i>Teacher's Signature</i> _____ <span style="display: block; text-align: center;"><i>Administrator's Signature</i> _____</span>				